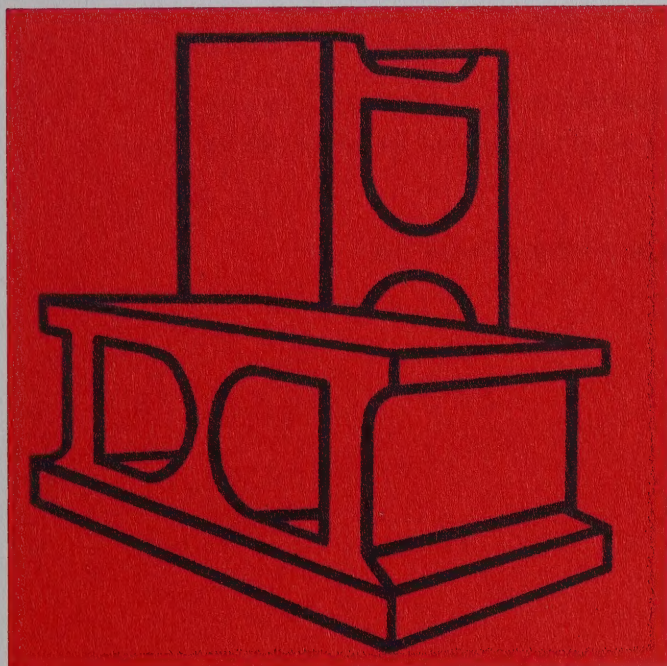
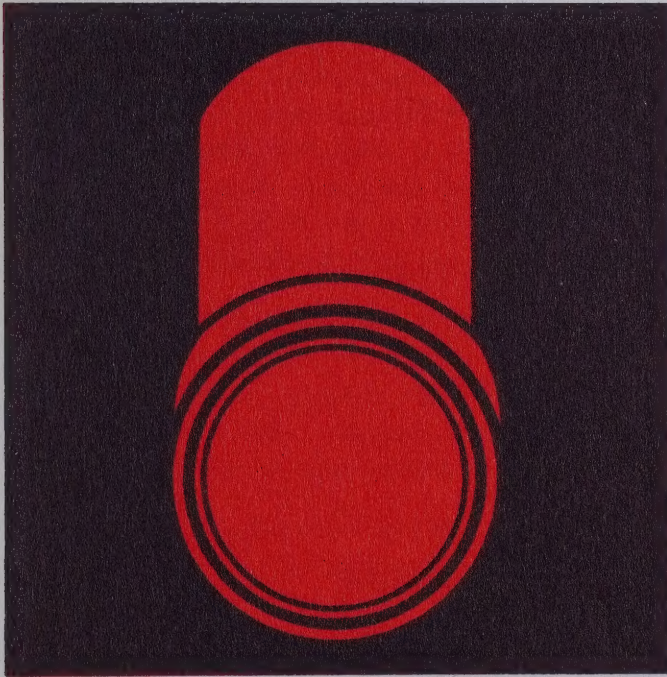


Annual Report 1967

SUPERCRETE LTD.



SUPERCRETE LTD.

HEAD OFFICE — 222 PROVENCHER AVENUE, ST. BONIFACE, MANITOBA

OFFICERS *President*, FRANK M. FOWLER, P. ENG.
Vice-President, J. HENRY BORGER
Vice-President, ALEX ROBERTSON
General Manager, BRIAN WHITFIELD, P. ENG.
Secretary-Treasurer, FRED DUNSMORE, C.A.

DIRECTORS J. HENRY BORGER
FRANK M. FOWLER, P. ENG.
CLARENCE LOWE
ALEX ROBERTSON
CHARLES SCHWARTZ, JR.
D. A. THOMPSON, Q.C.

TRANSFER AGENTS AND REGISTRARS MONTREAL TRUST COMPANY
Winnipeg, Canada
THE BANK OF NEW YORK, New York, U.S.A.
TRUSTEE FOR DEBENTURE HOLDERS MONTREAL TRUST COMPANY
Winnipeg, Canada

SOLICITORS THOMPSON, DILTS & COMPANY

AUDITORS PRICE WATERHOUSE & CO.

To Supercrete Shareholders:

Your Directors have pleasure in presenting herewith the consolidated financial statements of your Company and its subsidiaries for the year ended December 31, 1967, together with the report of the auditors.

After providing for depreciation of \$425,847, the net earnings for 1967 amounted to \$353,093, an increase of 33% over the 1966 net earnings of \$265,803. This substantial increase in net earnings was attained despite a slight reduction in sales from \$6,029,231 in 1966 to \$5,865,789 in 1967. During the year under review, the construction industry in our area of operations showed some reduction in overall volume of activity.

The consolidated statement of source and application of funds for the year ended December 31, 1967 reflects a substantial increase in working capital of \$284,388. The Company continues to maintain a strong liquid position with consolidated working capital of \$1,770,864. Once again a 2 cents per share cash dividend was paid, and it is expected that the financial position of the Company will warrant a dividend during 1968.

The Directors take this opportunity to acknowledge their grateful appreciation to our employees and customers for their respective contributions to the welfare of the Company.

As stated in the letter to Shareholders dated October 31, 1967, the proposed consolidation of stock was cancelled at a meeting of the Directors of the Company. Accordingly, the authorized capital of the Company remains at 5,000,000 shares of which 4,949,501 are issued and outstanding.

We anticipate that construction activity for 1968 will be comparable to this past year and we are, therefore, forecasting results similar to the year 1967.

On Behalf of the Board

FRANK M. FOWLER
President

PRICE WATERHOUSE & Co.

1100 ROYAL BANK BLDG.
220 PORTAGE AVENUE
WINNIPEG 1, CANADA

March 8, 1968

AUDITORS' REPORT

To the Shareholders of
Supercrete Ltd.:

We have examined the consolidated balance sheet of Supercrete Ltd. and subsidiary companies as at December 31, 1967 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants.

SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings and Retained Earnings

For the Year Ended December 31, 1967

	<u>1967</u>	<u>1966</u>
Net Sales and other income	\$5,865,789	\$6,029,231
Costs and expenses:		
Cost of sales, exclusive of depreciation, depletion and amortization shown below.....	4,499,902	4,721,565
Selling, general and administrative expenses.....	517,710	513,316
Depreciation, depletion and amortization.....	425,847	448,713
Remuneration of directors.....	4,500	4,500
Interest on long-term debt.....	64,737	75,334
	<u>5,512,696</u>	<u>5,763,428</u>
Net earnings for the year..... (no income taxes are payable Note 5)	353,093	265,803
Retained earnings at the beginning of the year.....	1,213,081	1,046,268
	<u>1,566,174</u>	<u>1,312,071</u>
Less—Dividend paid (2c per share).....	98,990	98,990
Retained earnings, December 31.....	<u><u>\$1,467,184</u></u>	<u><u>\$1,213,081</u></u>

DECEMBER

J. HENRY BORGER, *Director*

Balance Sheet

31, 1967

LIABILITIES

	<u>1967</u>	<u>1966</u>
CURRENT LIABILITIES:		
Bank loans, secured (Note 3).....	\$ 125,000	\$ 150,000
Accounts payable and accrued liabilities.....	336,116	341,742
Current instalments of long-term debt (Note 3).....	220,000	220,000
Total current liabilities.....	<u>681,116</u>	<u>711,742</u>
LONG-TERM DEBT, less current instalments (Note 3).....	775,483	990,161
Total liabilities.....	<u>1,456,599</u>	<u>1,701,903</u>
COMMITMENTS (Note 4)		

SHAREHOLDERS' EQUITY

CAPITAL STOCK:		
Common shares—par value 25c each:		
Authorized—5,000,000 shares		
Issued —4,949,501 shares.....	1,237,375	1,237,375
CONTRIBUTED SURPLUS.....	518,525	518,525
RETAINED EARNINGS (Statement attached).....	1,467,184	1,213,081
	<u>3,223,084</u>	<u>2,968,981</u>
	<u>\$4,679,683</u>	<u>\$4,670,884</u>

SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

Notes to the Financial Statements

December 31, 1967

1. PRINCIPLES OF CONSOLIDATION:

All subsidiary companies were wholly-owned at December 31, 1967, and all have been included in the consolidated financial statements.

2. INVENTORIES:

Finished goods and merchandise.....	\$ 345,700
Raw materials.....	613,808
Supplies and spare parts.....	130,998
Incomplete contracts, at cost less \$61,597 progress billings.....	55,665
	<u>\$1,146,171</u>

Finished goods and raw materials are stated on the basis of the lower of average cost or estimated realizable value, and merchandise, supplies and spare parts on the basis of the lower of cost, on a first-in first-out basis, or replacement cost.

3. LONG-TERM DEBT:

	<u>Current Instalments</u>	<u>Long-Term</u>
6% non-convertible subordinated sinking fund debentures.....	\$120,000	\$314,244
Bank loan (collaterally secured by 6% serial debentures issued for that purpose).....	100,000	161,239
Notes payable to shareholder, due on or after March 31, 1969.....	—	300,000
	<u>\$220,000</u>	<u>\$775,483</u>

Payments of \$120,000 are due on March 31 in each of the years 1968 to 1970 and the balance in 1971 as a sinking fund in respect of the 6% non-convertible debentures. The bank loan of \$261,239 is repayable \$100,000 in each of the years 1968 and 1969 and the balance in 1970. As security for this loan and for current bank loans, the banks hold a pledge of the accounts receivable and of a substantial portion of the inventories.

4. COMMITMENTS:

The companies' minimum annual commitments under property leases are approximately \$100,000 for a minimum of five years. One of the leases contains a provision relating to the quantity of raw materials removed.

5. TAXATION:

Income taxes of \$180,000 which otherwise would have been payable for the year, have been eliminated through the claiming of capital cost allowance in excess of depreciation recorded in the accounts for the year. The company claimed amounts of capital cost allowance in the years 1959 to 1965 which were less than depreciation recorded, with the result that the undepreciated capital cost of fixed assets at December 31, 1967 exceeds the value of the depreciable assets shown in the balance sheet by \$1,163,000.

6. RECLASSIFICATION OF ACCOUNTS:

Certain assets, formerly carried as inventories, have been reclassified as property, plant and equipment in the balance sheet. These assets, totalling \$152,454 at December 31, 1966, have also been reclassified in the 1966 comparison.

Consolidated Statement of Source and Application of Funds

For the Year Ended December 31, 1967

	<u>1967</u>	<u>1966</u>
Funds were provided by:		
Operations:		
Net earnings for the year.....	\$353,093	\$265,803
Depreciation, depletion and amortization.....	425,847	448,713
	<u>778,940</u>	<u>714,516</u>
Funds were applied to:		
Expenditures on property, plant and equipment (net).....	180,884	284,897
Reduction of long-term debt.....	214,678	226,030
Cash dividend to shareholders.....	98,990	98,990
	<u>494,552</u>	<u>609,917</u>
Increase in working capital.....	<u>\$284,388</u>	<u>\$104,599</u>



